

Message Text

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TO AMEMBASSY PARIS

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TA,S: EIND, ETRD, TECN, FR, US

SUBJECT: FRENCH PROPOSAL FOR DIALOGUE WITH US ON

-- INDUSTRIAL POLICY AND TECHNOLOGICAL INTERCHANGE

REF: (A) PARIS 19859 (B) TOKYO 9163

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1. MINISTRY OF INDUSTRY PROPOSAL FOR US-FRENCH DIALOGUE ON

INDUSTRIAL POLICY IS IN LINE WITH US PRACTICE OF CONSULTING MAJOR TRADING PARTNERS ON POLICIES AFFECTING OUR MUTUAL TRADE AND INVESTMENT INTERESTS. A VISIT HERE NEXT YEAR BY MINISTER OF INDUSTRY WOULD PROVIDE OPPORTUNITY FOR DISCUSSIONS WITH THE SECRETARY OF COMMERCE AND OTHER HIGH OFFICIALS ON THESE TOPICS.

2. FROM THE US VIEWPOINT THE PRINCIPAL ADVANTAGE IN SUCH DISCUSSIONS WOULD BE TO LEARN MORE ABOUT FRENCH THINKING AT THE MINISTERIAL LEVEL REGARDING THEIR INDUSTRIAL POLICY OBJECTIVES AND HOW THEY INTEND TO ACHIEVE THEM. THIS WOULD CONTRIBUTE TO OUR UNDERSTANDING AND JUDGMENTS ABOUT FUTURE CLIMATE FOR US INVESTMENT IN AND TRADE WITH FRANCE.

3. WE ARE LESS CERTAIN ABOUT THE FRENCH INTEREST IN THESE DISCUSSIONS. THE US SYSTEM OF GOVERNMENT AND FREE MARKET

PHILOSOPHY DO NOT INVOLVE THE WIDE PANOPLY OF OFFICIAL INDUSTRIAL POLICIES THAT EXISTS IN FRANCE. ON THE QUESTION OF TECHNOLOGY TRANSFERS, EXCEPT FOR STRATEGIC TRADE CONTROLS, THE US HAS NO GOVERNMENT CONTROL ON THE FLOW OF NON-DEFENSE TECHNOLOGY, MOST OF WHICH IS PRIVATELY OWNED. THE FRENCH ARE UNDOUBTEDLY AWARE OF THIS. WE ARE THEREFORE INTERESTED IN FURTHER EXPLANATION OF THE PURPOSES UNDERLYING THE FRENCH PROPOSAL FOR SUCH DISCUSSIONS.

4. THE PART OF THE FRENCH PROPOSAL WHICH GIVES US PARTICULAR DIFFICULTY IS THE PROPOSED PREPARATORY MEETING OF TEAMS OF EXPERTS IN NOVEMBER IN PARIS. SUCH A MEETING, PRIOR TO A MINISTERIAL VISIT, WOULD IMPLY MORE OF A COMMITMENT TO A DIALOGUE THAN WE ARE CURRENTLY PREPARED TO MAKE. WE BELIEVE THAT THE MINISTER'S DISCUSSIONS IN WASHINGTON CAN BE EFFECTIVELY PREPARED WITH THE EMBASSY COOPERATING CLOSELY WITH HIS MINISTRY. STATE AND COMMERCE WILL WORK TOGETHER IN CONSULTATION WITH OTHER AGENCIES IN PREPARATIONS IN WASHINGTON. WE WOULD IN DUE COURSE BE INTERESTED IN SOME CONFIRMATION IF SIMILAR INTERMINISTERIAL COORDINATION IS OCCURRING IN PARIS.

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5. WE NOTE THAT ESPER STATED IN THE JULY 5 MEETING THAT THE FRENCH DIALOGUE ON INDUSTRIAL POLICY QUESTIONS WAS ALREADY FAR ALONG WITH THE BRITISH AND GERMANS AND THAT IT WAS URGENT THAT AN UNDERSTANDING BE REACHED WITH THE US AS WELL. WE WOULD BE INTERESTED IN KNOWING MORE ABOUT THE NATURE OF THE CONSULTATIONS OR ANY UNDERSTANDING WITH THE UK OR GERMANY. COMMENTS FROM BONN AND LONDON ARE ALSO INVITED ON THIS POINT.

6. WE WOULD APPRECIATE ASAP A FURTHER EMBASSY ASSESSMENT OF POSSIBLE FRENCH OBJECTIVES IN THE PROPOSED DIALOGUE. POST'S ASSESSMENT SHOULD ENDEAVOR TO ANSWER THE FOLLOWING QUESTIONS: 1) WHAT APPROACHES MAY THE FRENCH HAVE IN MIND IN ANY DISCUSSIONS WITH US; 2) WHAT PARTICULAR INDUSTRIES ARE THEY CONCERNED ABOUT; 3) WHAT ESPER MEANS BY AN UNDERSTANDING IN THE AREA OF INDUSTRIAL COOPERATION; 4) WHAT ARE THEIR OBJECTIVES IN WANTING TO CONSULT ON U.S. ESCAPE CLAUSE ACTIONS (E.G. U.S. ACTION ON SPECIALTY STEEL); 5) DO THEY HOPE THAT EXPLANATION THEY WILL PROVIDE FOR THEIR POLICIES, SUCH AS FRENCHIFICATION, WILL CAUSE US IMPLICITLY TO CONDONE THEM; 6) IN THE LIGHT OF THEIR EXPERIENCE WITH THE JAPANESE (REFTEL B), WHY WOULD THEY EXPECT THAT THE USG WOULD ACCEPT A SIMILAR PROPOSAL FOR TECHNOLOGY EXCHANGE. WE REALIZE THESE ARE DIFFICULT QUESTIONS TO ANSWER BUT WOULD APPRECIATE YOUR BEST JUDGMENT. KISSINGER

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